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Letter dated 26 October 2010 from the Permanent Representatives of Mexico and Switzerland to the United Nations addressed to the Secretary-General

The Permanent Representatives of Mexico and Switzerland to the United Nations have the honour to transmit the enclosed final report of the Oaxaca Workshop entitled "Forest Governance, Decentralization and REDD-plus in Latin America and the Caribbean" (see annex).

In the light of the importance of the report and its relevance to the work of the United Nations, particularly in the environmental field, we would appreciate it if the present letter and the report were issued as a document of the ninth session of the United Nations Forum on Forests.

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Permanent Representative of Mexico

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Annex to the letter dated 26 October 2010 from the Permanent Representatives of Mexico and Switzerland to the United Nations addressed to the Secretary-General

Report of the Oaxaca Workshop: Forest Governance, Decentralization and REDD-plus in Latin America and the Caribbean

A country-led initiative in support of the United Nations Forum on Forests by the Governments of Mexico and Switzerland (31 August-3 September 2010, Oaxaca, Mexico)

Summary

The objectives of the Oaxaca Workshop were to identify trends, facilitate the sharing of experience and distil lessons learned on sustainable forest management, forest governance and decentralization in the light of reducing emissions from deforestation and forest degradation (REDD-plus), to identify opportunities and threats to livelihoods and poor people; to contribute directly to the ninth session of the United Nations Forum on Forests scheduled for January 2011 and dedicated to "Forests for people, livelihoods and poverty eradication"; and to inform discussion during the sixteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Mexico and contribute to REDD-plus design.

The Workshop was organized by Mexico's Comisión Nacional Forestal (CONAFOR) and the Swiss Federal Office for the Environment (FOEN), and co-organized by the Center for International Forestry Research (CIFOR), Intercooperation (Switzerland), the United Nations Forum on Forests secretariat, the Inter-American Development Bank (IDB) Group and the United States Agency for International Development (USAID), with additional financial support from Finland, Norway, Sweden, the United Kingdom of Great Britain and Northern Ireland, Japan, the Swiss Agency for Development and Cooperation (SDC), the International Tropical Timber Organization (ITTO), the Food and Agriculture Organization of the United Nations, the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (United Nations-REDD) and the Ford Foundation.

The Workshop was organized around the following themes: (a) People, forest governance and forests, with subthemes (i) Governance and REDD-plus implementation and (ii) Opportunities for establishing synergies between mitigation and adaptation initiatives; (b) Landscape change, forest management and REDD-plus; (c) Forest finance and finance for REDD-plus; and (d) Rights, livelihoods and forests, with subthemes (i) REDD-plus, rights and communities and (ii) Indigenous people and REDD-plus.

The Workshop concluded that REDD-plus offered both opportunities and risks for people and forests. Sustainable forest management could make an important contribution to REDD-plus initiatives. Past concerns regarding governance were still valid, and effective governance was even more important in the light of REDD-plus,

as a new mechanism offering significant funding and requiring high levels of technical capacity and new instruments for monitoring to demonstrate achievement of emissions reduction goals. The more inclusive that REDD-plus processes were, in all phases of design and implementation and at all scales from global to national and local, the more legitimacy and acceptance REDD-plus would have, and the more effective it would be in reducing carbon emissions and improving livelihoods. Inclusive and decentralized processes would require capacity-building and knowledge-sharing at all levels.

The Workshop formulated 14 recommendations to countries and 7 to the United Nations Forum on Forests. Key recommendations to the Forum include:

- Support strengthening the inclusion of local people, including indigenous peoples and women, in decision-making, benefit-sharing, and preservation of their cultural and social values through sustainable forest management and REDD-plus.
- Promote synergies between climate change adaptation and mitigation in forests through sustainable forest management.
- Promote the linkages between sustainable forest management and REDD-plus policies and positive incentives, as REDD-plus has the potential to provide significant support to achieving sustainable forest management.
- Emphasize the particular role of sustainable forest management in combating forest degradation and its potential for enhancing forest carbon stocks.

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I. Introduction and background

1. At the closing of the eighth session of the United Nations Forum on Forests on 1 May 2009, the Governments of Mexico and Switzerland announced an international workshop focused on Forest Governance and Reduced Emissions from Deforestation and Forest Degradation (REDD-plus)[1] in Latin America and the Caribbean. The Workshop, held from 31 August to 3 September 2010 in Oaxaca, Mexico, was a country-led initiative in support of the United Nations Forum on Forests. The Workshop was organized by Mexico's Comisión Nacional Forestal (CONAFOR) and the Swiss Federal Office for the Environment (FOEN), and co-organized by the Center for International Forestry Research (CIFOR), Intercooperation (Switzerland), the United Nations Forum on Forests, the Inter-American Development Bank (IDB) Group and the United States Agency for International Development (USAID).[2]

2. The goal of the Workshop was to bring together diverse stakeholders, policymakers and international experts to share experiences and explore opportunities for generating concrete gains from governance reforms in the context of REDD-plus in the Latin American and Caribbean countries. The Oaxaca Workshop is the fourth country-led initiative focusing on the theme of governance and decentralization in forestry. In 2004, the Governments of Switzerland and Indonesia jointly organized the Interlaken Workshop on Decentralization in Forestry as a country-led initiative in support of the United Nations Forum on Forests. The purpose of that workshop was to capture the global situation in the interplay between forest governance and decentralization. That was followed by the 2006 Yogyakarta Workshop on Forest Governance and Decentralization in Asia and the Pacific, hosted by the Government of Indonesia and supported by Switzerland; and the 2008 Durban Workshop on Forest Governance and Decentralization in Africa, organized and co-hosted by the Governments of South Africa and Switzerland. Those two workshops devoted special attention to regional realities.

3. Governance issues are of fundamental importance to sustainable forest management, the core objective of the United Nations Forum on Forests. REDD-plus, as a new climate change mitigation measure, has strong potential to alleviate poverty, but its implementation needs to be better understood in the context of forest governance. Thus, the Oaxaca Workshop aimed to improve our understanding of the linkages and synergies between decentralization and broader forest governance reforms, sustainable forest management, the improvement of living conditions for people who depend on forests, and the increasing role of forests in climate change mitigation and adaptation.

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[1] REDD-plus as defined in the Bali Action Plan (FCCC/CP/2007/6/Add.1, decision 1/CP.13, para. 1(b)(iii)): "Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries".

[2] Other sponsors included the Swiss Agency for Development and Cooperation (SDC), the Ford Foundation, the United Kingdom Government Department for International Development (DFID), the International Tropical Timber Organization (ITTO), the Ministry of Agriculture (Sweden), the Norwegian Ministry of the Environment, the Ministry of Foreign Affairs of Finland, the Japan International Cooperation Agency (JICA) and the Food and Agriculture Organization of the United Nations (FAO).

4. There are many ongoing projects and activities related to REDD-plus being implemented throughout Latin America and the Caribbean that are important at the local scale. At the national scale, REDD-plusReadiness activities have been initiated in 15 Latin American and Caribbean countries with the World Bank's Forest Carbon Partnership Facility (FCPF) and the United Nations-REDD Programme. Ten of those countries are preparing or are in the initial implementation stage of a so-called readiness preparation plan. This includes (a) an inclusive consultation process and preparation of institutions; (b) the analysis of drivers of deforestation and degradation and the development of a national REDD-plus strategy; (c) the development of a carbon baseline based on the REDD-plus strategy; and (d) the introduction of a monitoring, reporting and verification process with full respect for the World Bank's social and environmental safeguards provisions. Three Latin American and Caribbean countries have been chosen for piloting upscaled funding for REDD-plus investments (Mexico, Peru and Brazil). Other countries are working with bilateral donors in developing their national REDD-plus scheme. In many countries, the REDD-plus process is being conducted by institutions and authorities that are not the ones in charge of forests. Inter-institutional and intersectoral approaches need to be developed and refined at the national level, and learning processes need to be conducted to develop adequate consultation mechanisms at national, regional and local levels.

5. Several factors underscore the relevance of a discussion on the relationships among sustainable forest management, forest governance, REDD-plus and livelihoods. Forests in Latin America and the Caribbean are home to millions of people who depend directly on forest resources for their livelihoods. Current deforestation rates and their external drivers deprive those people of this resource. At the same time, in many places deforestation and forest degradation are driven by poverty: poor communities change the land use to improve their lives. Forest policies and instruments can influence REDD-plus outcomes and REDD-plus projects' and schemes' ability to provide incentives for conservation of forests, while reducing poverty.

6. The objectives of the Workshop on Forest Governance, Decentralization and REDD-plus in Latin America and the Caribbean were:

- To identify trends, facilitate the sharing of experience and distil lessons learned on sustainable forest management, forest governance and decentralization in the light of REDD-plus and to identify opportunities and threats to livelihoods and poor people.
- To contribute directly to the ninth session of the United Nations Forum on Forests scheduled for early 2011 and dedicated to "Forests for people, livelihoods and poverty eradication".
- To inform discussions during the sixteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Mexico and contribute to REDD-plus design.

7. The Workshop brought together a mix of participants from government, civil society, research institutions, community organizations and the business sector. It was designed to facilitate sharing of insights from the diversity of countries' experiences in order to draw lessons and recommendations for action by the United Nations Forum on Forests and other key institutional actors and decision makers. It

also aimed to foster widespread sharing of information and outcomes and create a forest governance community of learning through a variety of web-based follow-up activities.

8. A total of 230 participants from 22 Latin American and Caribbean countries and 12 other countries, representing national, subnational and local governments, civil society organizations, indigenous peoples' organizations, the private sector, research, academia and international organizations, participated in the Workshop. The present final report captures the highlights of the deliberations undertaken during the Workshop.

II. Overview of sessions

Opening session

9. Speakers during the opening session reiterated the purpose of the Workshop and the importance of governance for sustainable forest management, REDD-plus and the future of forests, including a clear legal framework, accountability, capacity-building, tenure rights, benefit distribution and the anticipation of threats. The emphasis on governance and REDD-plus supports the ninth session of the United Nations Forum on Forests dedicated to forests for people, livelihoods and poverty eradication and the importance of forests as much more than carbon. Mexico, in its commitment to the fight against climate change and its contributions to the next meeting of the Conference of the Parties in Cancún, was celebrated as an appropriate location for the Workshop, and Oaxaca, in particular, was highlighted for its importance in terms of biodiversity and its indigenous communities.

Workshop themes

10. The Workshop consisted of presentations, panel discussions, round-table sessions and field trips. They were organized around four main themes: (a) People, forest governance and forests, with subthemes (i) Governance and REDD-plus implementation and (ii) Opportunities for establishing synergies between mitigation and adaptation initiatives; (b) Landscape change, forest management and REDD-plus; (c) Forest finance and finance for REDD-plus; and (d) Rights, livelihoods and forests, with subthemes (i) REDD-plus, rights and communities and (ii) Indigenous people and REDD-plus.

11. The themes and subthemes served as a way of loosely organizing presentations and discussions to allow the clustering of ideas, but also for recurrent issues to surface and flow across thematic boundaries. All presentations and background materials regarding the Workshop are available at www.cifor.org.

Field trips

12. Four field trips to nearby municipalities were organized as an integral part of the Workshop to further common understanding about key issues of the Workshop and to facilitate networking and communication among participants. The field trips were designed to provide the participants with exposure to the Mexican context and specifically to different models of community forest management, including experiences with sustainable logging and carpentry, ecotourism and carbon markets. (For more information, see annex III.)

Open spaces

13. Four Latin American organizations organized open space discussions around the following topics: the practicalities of carbon payment schemes for REDD-plus; the legal framework for REDD-plus in Latin America; forest land-use planning in the forests of San Nicolas, Colombia, in the light of climate change mitigation; and the organization of REDD-plus projects by indigenous peoples. Those meetings provided further opportunity for dialogue among participants.

III. Thematic presentations and discussions

Theme 1: People, forest governance and forests

14. The opening presentation under this theme introduced the concept and principles of governance and discussed its relevance to REDD-plus and forest people in Latin America and the Caribbean. Deforestation is caused by a combination of inappropriate forest governance and extrasectoral dynamics; that is, some decline in forest surface area may be planned. Forest degradation, however, is primarily linked with inappropriate or ineffective governance and is mainly the responsibility of the forest sector. REDD-plus is not a governance reform but will be shaped by the governance environment in the countries where it is implemented: it can improve forest governance or can be undermined by its failures and needs good governance to be effective, efficient and equitable. At the same time, the forests of Latin America and the Caribbean are home to millions of poor people; a fifth of the rural population depends to some extent on forests for their livelihoods.

15. A supportive governance environment can be defined by (a) clear, coherent policy, legal and regulatory frameworks; (b) systems for effective implementation and enforcement of those policies, laws and regulations; and (c) participatory, transparent and accountable decision-making and institutions. In spite of some progress, forest governance in Latin America and the Caribbean is still fraught with numerous problems that could affect the success of REDD-plus. They include opaque and centralized decision-making; overburdening bureaucracy; the misalignment of policies in agriculture, infrastructure and other spheres that affect forests; an emphasis on timber management instead of broader integrated forest management; insufficient funding and capacity, unclear legislation and the failure to implement laws; corruption and illegal logging; and lack of clarity and respect for local forest tenure rights and local forest knowledge.

16. Additional papers explored those and related issues more in depth. A variety of current policies have unintended negative economic, equity and environmental effects, while policies for REDD-plus are in their infancy. Synergies between efforts to curb illegal logging and REDD-plus could have an important impact on illegal forest activities. A large influx of funds through REDD-plus could also deepen corruption and further damage the reputation of forest managers. Resistance to governance reform is sometimes fierce, and change will require not only political will but also political savvy.

17. The values and benefits of forests accrue at different scales. Many values are important for local communities and tend to be favoured under decentralized systems. Other values, notably biodiversity and hydrological and climate regulation functions, benefit entire nations and the global community. Special measures are

needed to ensure that the values that are predominantly national and global are maintained in decentralized systems. Regulations and incentives, as provided by REDD-plus schemes, are the most common means of achieving that result. Markets need to be developed for environmental services (particularly REDD-plus, water protection and biodiversity), based on secure property rights in order to provide revenue support for the provision of those services and as a more equitable way for society to exert influence over which national and global values are delivered.

18. Concerns were raised over potential recentralization of decision-making over forests under REDD-plus. A centralized REDD-plus allows for national carbon accounting systems, the control of leakage and broad-based benefit distribution. But decentralization of REDD-plus implementation would increase legitimacy and allow subnational and local governments to tackle specific causes of deforestation, which vary across the landscape. A strong federal system such as that of Brazil makes an effective balance of powers between central and state governments more likely, but it is unclear where municipal governments will stand; a large influx of funds may lead to recentralization where subnational governments are weak.

19. Current international negotiations have treated mitigation and adaptation as two separate streams, with a cascading effect on national-level policy; they have been addressed as completely separate policy processes with very little communication between the two. Nevertheless, there is growing consensus on the need to explore, promote and develop synergies, especially in forest, agriculture and land use, at multiple scales: global, national, landscape and local. REDD-plus projects and policies can contribute to the adaptation of forests, people and countries to climate change if they deal appropriately with livelihood and governance issues and reduce vulnerability.

20. Almost all the interventions during the discussion period referred to concerns over the rights of local actors: indigenous rights, communal tenure or common property, the lack of tenure rights for women and the importance of decentralization, referring to coordination specifically between central and local governments and to decentralization to indigenous peoples. In this regard, the need for capacity-building and effective representation is crucial. There was also concern expressed about the reasons that governments believe that REDD-plus will be more successful in relation to ongoing governance problems, especially for reaching these groups.

21. Round-table discussions were divided into two groups. The first group focused on governance and REDD-plus implementation, exploring national experiences with decentralization, forest tenure reform and emerging REDD-plus strategies and plans to identify best practices, bottlenecks, contradictions and potential synergies for people and forests as REDD-plus programmes evolve. They considered actors of governance for REDD-plus in Latin American and Caribbean countries, preliminary lessons learned and practices to ensure transparency and accountability. The second group explored opportunities and governance mechanisms for establishing synergies between mitigation and adaptation policies and initiatives at multiple scales, from international to local.

Theme 2: Landscape change, forest management and REDD-plus

22. Important transformations are under way in tropical landscapes in Latin America and the Caribbean with implications for economic development and climate change. Landscape transformation is driven not only by national policies

and markets but also by global market dynamics associated with a growing role of transnational traders and investors. National and global trends influence social, political and economic interactions at the local level and ultimately shape land use and the socio-economic profile of landscapes. In addition to deforestation caused by development needs and market demands, degradation owing to unsustainable forest use and wildfires are among the major causes of carbon emissions in the tropics.

23. The presentations under this theme all agreed that reducing deforestation and degradation depended on making forests and forest products economically competitive with other alternatives, though money alone was not enough. Economic competitivity could be increased through policies that decrease land rent for agricultural crops and increase it for forest use, that increase the price of specific products from well-managed forests or that decrease transaction costs for forest use. REDD-plus mechanisms will need to learn from past experience and take into account the specific characteristics of the areas and populations where they will be implemented. The instruments created to promote REDD-plus (e.g., the Forest Carbon Partnership Facility (FCPF), United Nations-REDD, the Forest Investment Programme (FIP) and the REDD-plus Partnership) demand fast investments, but developing appropriate national and local processes and capacities work on slower time frames. This issue needs due consideration in the policy dialogue.

24. The tropical forest landscape can be differentiated by types of actors and production systems, each with different, dynamic social contexts leading to different land use outcomes, and thus deforestation dynamics. The five main landscape types are characterized by: growth driven by agribusiness; expansion and modernization of traditional ranching; growth and stagnation of peasant agriculture; large-scale commercial logging on public lands; and the resurgence of traditional agro-extractive economies. The pressure on forests and social effects vary among these types. To be effective, REDD-plus will have to differentiate across these types and at specific locations, and among the key actors causing deforestation, their opportunity costs and effective institutions and means of implementation. Their different objectives and behaviours mean that different actors will respond differently to REDD-plus incentives.

25. The roots of forest degradation — weak forest governance — are similar but not the same as those of deforestation, hence attempts to address degradation as well as forest conservation, sustainably managing forests and enhancing carbon sinks in REDD-plus, will require an additional set of knowledge and policies. Proposals include increased tenure security for and the participation of communities, firms and concessionaires; appropriate harvesting and silviculture; incentives for forest restoration; and taxation policies or market-based instruments such as certification or performance bonds to improve management.

26. Interventions from participants called for more research and better understanding of the political economy — the politics and the social interests that drive policymaking and land use. For example, some dynamics defied predictions that deforestation would occur, because of effective governance or social organization. Other participants commented on the problem of low or non-existent demand for certified timber, which drove down the benefits of certification. Questions were raised about the possibility that too many different agendas driving REDD-plus could dilute its effectiveness. Participants also raised the issue of scale, including the need to pay attention to individual producers or users, and to lawful

owners versus actual forest users in the context of land tenure; national versus local perspectives on policy; and the role of markets. Discussion emphasized the importance of a common understanding of economic, social and political dynamics.

27. Round-table discussions focused on development pressures on forests and people and the adequacy of responses. They explored the policy options for balancing development challenges and forest conservation in the context of REDD-plus, associated governance challenges to address the drivers of deforestation and degradation at different scales and policies needed to support sustainable forest management so that it could fulfil its promise and combine development and the REDD-plus goal of long-term carbon emissions reduction.

Theme 3: Forest finance and finance for REDD-plus

28. Investing in forestry and timber assets is nothing new. REDD-plus finance can bring a whole range of benefits, but interests vary among different stakeholders and parties. For developing country governments, REDD-plus is a new source of finance for development and an effective measure to reduce greenhouse gas emissions. For developed country governments, it is a cost-efficient option for global carbon offsets. Non-governmental organizations (NGOs) are primarily interested in its potential for biodiversity conservation. It can be an additional source of finance to make sustainable forest management competitive for investors. Many believe that it can help lift the rural poor and forest-dependent people from poverty. Politically powerful groups and vested interests are likely to consider it as yet another income opportunity.

29. It is difficult, if not impossible, to meet such a wide range of interests. Different forest-related carbon markets are likely to provide common and different options. There are three main options for REDD-plus finance:

- A fund, which could be national, bi- or multilateral or international and mobilize public and private resources;
- A market mechanism for verified/certified credits used by investors in countries listed in annex I to the United Nations Framework Convention on Climate Change;
- A hybrid, market/fund-linked mechanism for credits combined with certified emissions reductions.

30. There are proposals for phasing-in REDD-plus finance and implementation in three stages: strategy development and institutional strengthening; access to predictable REDD-plus finance based on clear criteria; and finally, a greenhouse gas-based instrument rewarding performance.

31. Presentations under this theme focused on financing small-scale forestry, voluntary market standards and assessment criteria and the REDD-plus partnership as an initiative designed to mobilize efforts and funds for REDD-plus. Experience with small-scale sustainable forest management in Latin America and the Caribbean demonstrates that one of its main weaknesses is the lack of affordable or accessible financing options as well as the need to enhance incomes from the sale of products and services. REDD-plus may provide additional funding options for sustainable forest management but would require attention to a number of issues. Those include the integration of REDD-plus into broader national forest finance strategies; respect

for bottom-up demand and local diversity, the need to integrate with broader livelihood strategies and building on existing structures but with awareness of their weaknesses; the use of intersectoral and strategic rather than blueprint approaches; and the promotion of innovation and knowledge-sharing, especially among forestry and finance sectors, which are worlds apart, and with communities.

32. A comparative analysis of 10 existing voluntary certification schemes suggests a variety of options that could be used for certifying REDD-plus projects or programmes. The options were analysed according to the extent to which they assessed commonly accepted safeguards and requirements for REDD-plus, including poverty alleviation, participation of and respect for indigenous peoples and local communities, support for sustainable forest management, conservation of biodiversity, accurate measurement of carbon emissions and requirements for monitoring and reporting, the credibility of the scheme's certification procedures, and others. Though no single standard covers all essential aspects of REDD-plus activities, they may provide an important starting point for innovation and testing in relation to the design of the REDD-plus finance mechanism eligibility criteria and safeguards.

33. The REDD-plus Partnership was explained as a mechanism that permits member countries to move forward with REDD-plus actions before an international agreement is finalized. Donor member countries among the 60 or more members have agreed to provide funds to make that possible, and are providing funds for readiness and implementation activities. The Partnership supports the harmonization of ongoing initiatives and is not a parallel process or negotiating forum. It is committed to transparency, inclusiveness and learning exchange and follows the three-step approach of the international initiatives of readiness (capacity-building and strategy options), the development of appropriate REDD-plus policies and measures and implementation. The Partnership will identify areas that require more funding and make recommendations to increase the efficiency of the international process.

34. Concerns were raised about uncertainty regarding the long-term availability of REDD-plus funds, the role of funds versus markets in providing more funding and the need for an international agreement to provide greater certainty for both. Fear was also expressed that funding for forest conservation might undermine ongoing successful ways in which people had maintained forests in the past. The possibility of using REDD-plus funds to purchase and reforest pasture land was raised, as well as the goal of building on community experience and management models and using REDD-plus funds to help them adapt and grow. Discussion about the potential of payments for environmental services as a REDD-plus mechanism mentioned problems that would have to be addressed such as leakage. An indigenous participant noted problems in having indigenous proposals taken into consideration by certain governments because of closed negotiations.

35. Concerns regarding standards and certification focused on the trade-offs between transaction costs and benefits. There was growing use of certification schemes by buyers interested in assuring that their funds were not causing social or ecological harm, but those had to be cost-effective. For example, clean development mechanism (CDM)-afforestation/reforestation was criticized for having very high transaction costs. A short additional presentation was made regarding a toolbox that had been developed for cost-effective social impact evaluation.

36. The round-table groups focused on identifying the conditions under which REDD-plus finance would best work for forests and people. Participants drew on lessons from national experience in forest finance and discussed key challenges, such as access by the poor and rules for participation at country, subnational and local scales, mechanisms to prevent REDD-plus capture by vested interests and how to ensure REDD-plus competitiveness in comparison to other land uses. With regard to compliance, the discussion sought to identify national-level capacity requirements, lessons from experience with voluntary standards and policies, and measures to ensure that REDD-plus finance delivered emissions reductions while also meeting equity and efficiency objectives.

Theme 4: Rights, livelihoods and forests

37. Some of the most important challenges for REDD-plus will be related to land tenure and carbon rights in achieving emission reductions, ensuring transparent benefit-sharing and determining non-permanence (or non-compliance) liabilities. In Latin America and the Caribbean, REDD-plus strategies will unfold in a context of evolving tenure systems, increasing claims to rights over ecosystem services, including carbon, and expanding forest areas under community management. An important portion of Latin America's forests was located in indigenous territories. Many of them were subject to threats from colonists, illegal loggers, extractive companies and others, whose practices endangered not only the forests but also indigenous people's territory as a whole. Hence the importance, a priori, of indigenous territories for REDD-plus and REDD-plus for indigenous peoples.

38. The first presentation under this theme provided an overview of tenure rights. Tenure regimes define who has rights over forest resources, who should be held responsible for losses and gains in forest carbon and who can claim access to or ownership of ecosystem services and their benefit streams. Latin America and the Caribbean countries had addressed tenure issues to varying degrees in their REDD Readiness Preparation Proposals, but that had generally been insufficient, both with regard to ongoing insecurity and conflict and to the failure to enforce existing formal and customary rights. Even in cases where carbon rights were clearly associated with forest tenure rights, it was not always clear what that would mean when the State is the forest owner but local people are forest managers; and it is not clear how liabilities and penalties for non-compliance would be managed.

39. Indigenous peoples, the topic of the second presentation, now own or formally manage at least 160 million hectares of land in Latin America and the Caribbean, including over a quarter of the global Amazon. The right to territory is embedded in other collective rights to autonomy or self-government but has been implemented at a scale at which most indigenous communities did not previously have governance institutions. Hence REDD-plus offers an opportunity not only for increasing the value of forests but could also support the constitution of those territories as political, social and economic entities. REDD-plus may present risks for indigenous people, however, if they do not have secure land rights or if they fail to obtain carbon rights, or if it is implemented in ways that undermine traditional culture and livelihoods. It is in the interest of both governments and indigenous peoples to come together at the same table and turn REDD-plus into an opportunity.

40. Community forest management could be an effective REDD-plus strategy. It is defined broadly as "the management of forest resources and services by

communities or groups within communities under shared rules or collective rights". REDD-plus could support community forest management where it currently exists and help to create the conditions that have resulted in successful community forest management to date. Those conditions include effective land tenure institutions and strong multi-scale governance institutions capable of implementing, maintaining and defending productive forest systems.

41. There was general agreement among the presentations that the legitimacy of REDD-plus procedures depended on ensuring indigenous and community participation in designing REDD-plus strategies; rights to carbon benefits should be clear and substantiated; internal community politics might affect benefit distribution within communities; and "one-size-fits-all" schemes would not work. That is, REDD-plus options should be adapted to local contexts.

42. The discussion involved controversial issues and lively debate. One of the central issues was the appropriate scale for effective forest management. One group defended the community scale and successful experiences, particularly of communities managing forests with traditional knowledge, and argued that institutions did not exist to manage larger territories. Another group argued that community forest management was not successful or replicable and that the territory scale was more appropriate. There was also strong disagreement on whether carbon rights should be linked to land rights. Concern was raised that, based on business-as-usual economics, larger players would gain while communities lost. Other risks were mentioned such as fraud (Costa Rica is developing an anti-fraud unit) and the need to hold negotiations with stakeholders at appropriate scales to design working agreements.

43. The round-table discussions examined policies and practices that affected or engaged communities in their effort to reduce poverty and identified opportunities and lessons relevant for REDD-plus design. Discussions were organized into two subthemes. The first group focused on rights and communities, while the second group focused on indigenous peoples specifically. Both groups sought to identify the processes and institutional arrangements needed to ensure community participation in the design and implementation of REDD-plus at different scales; policies needed to protect existing rights and ensure rights to carbon and opportunities to integrate local forest management practices in REDD-plus; and the potential for design measures that could be adaptable to local contexts. The former group discussed the relationship of community forest management to REDD-plus, and the latter focused on ways in which to design REDD-plus for a balance between traditional lifestyles and market engagement.

IV. Lessons and conclusions

44. The lessons and conclusions that emerged from the round-table discussions can be clustered around the six themes and subthemes of the Workshop: Governance and REDD-plus implementation; Opportunities for establishing synergies between mitigation and adaptation initiatives; Landscape change, forest management and REDD-plus; Forest finance and finance for REDD-plus; REDD-plus, rights and communities; and Indigenous people and REDD-plus.

A. Governance and REDD-plus implementation

45. REDD-plus provides a new opportunity to address sustainable forest management at national and local levels. It can also be considered as part of a continuum of ongoing efforts to address multilevel forest governance concerns and is only part of the solution to problems in the broader development agenda. The institutional architecture is changing, however, as existing bureaucracies are increasingly subject to monitoring by and accountability to new anti-corruption agencies, growing pressures owing to collective action by forest-dependent communities, and the role of the media in improving access to information. Concern and risks still remain, despite encouraging trends regarding declining net rates of deforestation, possible declines in illegal logging rates and the devolution of forest tenure rights to some local communities.

46. To improve forest governance for REDD-plus, there is a need to build on previous forest governance experiences, such as successful decentralization and effective local tenure rights reforms. It also needs to build on existing processes, such as Forest Law Enforcement and Governance (FLEG/FLEGT) initiatives, voluntary partnership agreements, European Commission timber legislation, the Lacey Act, and so forth. Political leadership and policy champions are needed, as well as inclusive processes and ongoing dialogue, but it must be recognized that there will be conflicts of interests. Participation means including vulnerable groups, especially indigenous peoples and women, and strengthening decentralization through greater proactive inclusion of local governments in the design and implementation of REDD-plus programmes. It also requires major efforts in capacity-building at all levels.

47. REDD-plus design needs to acknowledge the differences between and within countries and will have to be designed, and implemented transversally across sectors, which usually requires policy, regulatory and institutional reforms. Tenure rights will have to be unpacked and clarified in relation to carbon, forests and land. Transparency and accountability, including independent audits, are crucial elements of any REDD-plus scheme.

B. Opportunities for establishing synergies between mitigation and adaptation initiatives

48. Social, economic and climate change vulnerability should be the key concept that connects mitigation and adaptation, guiding actions, and development plans. Mitigation measures are often seen more as business opportunities, while adaptation is associated with costs. It is important to ensure that climate change funding considers both adaptation and mitigation as two equal priorities. Managing conservation can be a tool for both mitigation and adaptation, offering many opportunities and co-benefits when the two are integrated.

49. Adaptation occurs at the landscape scale. It must be flexible, and operates at a different time and scale from one country and community to another country and community.

50. Participants pointed out that non-forest sector agencies have to be involved in a broader debate on development paths based on non-extractive industries in order to avoid conflicts and reduce development and demographic pressures on land.

51. It is important to find a balance between the role of national governments and local actors. The national level plays an important role in providing guidelines, interacting with international actors, promoting information flow, financing and monitoring. On the other hand, extreme centralization of the State can inhibit the capacity to adapt and mitigate. Governance decentralization and a focus on community experiences are essential. It is particularly important to recognize institutions, traditions, local experiences and local knowledge (the use of local knowledge is more efficient); to promote the capacity of local authorities and communities to integrate the risks and additional costs of the impacts of climate change in natural resources management; to share and disseminate information to local communities; to decentralize funds, thus giving opportunities to communities to find solutions, and to develop finance mechanisms for their activities; and to devolve power to local authorities to promote sustainable management and mechanisms of control.

C. Landscape change, forest management and REDD-plus

52. Synergies and transversality among policies are needed to make REDD-plus work. The main drivers of deforestation are often found at multiple scales and outside the forestry sector, and cross-sectoral policies are needed to address them. Cross-sectoral integration of policies should be done with the goal of contributing to communities' human development. REDD-plus should not be developed as the mechanism that will address all social problems, but these need to be addressed through a range of interventions of which REDD-plus is part.

53. Some stakeholders have more power and influence than others, including sectors that generate pressures on forests. Communities need adequate power and influence regarding decisions that affect their lands.

54. Forests are not just carbon but provide many services. The active management of forest ecosystems and broader landscapes should be the focus of REDD-plus, as they promote sustainable use and conservation, stimulate local development and reduce greenhouse gas emissions.

55. Efforts should be dedicated to strengthening governance, social capital and technical skills at the community level. Successful cases of sustainable forest management and conservation should be used as models.

56. It is important to develop and adopt instruments that help to balance actual and potential use of natural resources, such as the inclusion of a broader range of environmental services in national accounts. Resources should be directed primarily at strengthening governance in areas that face higher threats of deforestation and degradation. Fiscal mechanisms need to be strengthened to ensure a more equitable distribution of resources.

57. Central government forest and REDD-plus policies should be developed in a way that harmonizes both global and local concerns. REDD-plus strategies need to be developed in transparent and participatory processes to create necessary ownership for local implementation. This implies, at the local level, clear benefits, flexibility according to the specific context and agreement regarding compliance mechanisms. Command and control measures should continue to be implemented to

protect forests, but based on science and robust analysis and with transparency and accountability.

58. Governments should play a more active role in stimulating markets for sustainable products (such as certified wood products) and services (including carbon offsets).

D. Forest finance and finance for REDD-plus

59. Efforts to increase international public funding for forests and REDD-plus have been met with some success over the past years, with combined pledges from the Forest Carbon Partnership Facility (FCPF), the United Nations-REDD, the Forest Investment Programme (FIP) and the REDD-plus Partnership, Global Environment Facility and bilateral aid of about US$ 10 billion. However, the institutional design for the allocation of this initial funding at national and local levels needs development and strengthening. Clear criteria for allocation, transfer and distribution of finance and benefits, assessment of impact in terms of cost-effectiveness and equity need to be developed.

60. At the national level, forest finance for REDD-plus requires participation and political reforms for the design of adequate financial schemes and transfer mechanisms. The benefits and costs must be shared at international, national and local levels, and the concept of burden-sharing includes directing benefits at the most disadvantaged. Financial mechanisms should be decentralized wherever possible, and mechanisms such as trust funds, intersectoral committees, producer associations, multilateral and government funds should be considered. The involvement of the private sector, and federal and bilateral levels is necessary.

61. Transparency and accountability is required by the REDD-plus monitoring, reporting and verification standards, particularly in regard to benefit-sharing and distribution mechanisms, and access to information, science and data. The process will require managing expectations and establishing reasonable time frames, as reform takes time. Monitoring and intermediation should be cost-effective.

E. REDD-plus, rights and communities

62. The interaction between REDD-plus schemes and the local level was discussed, beginning with the basic concepts of rights formation processes and of rights bundles (land tenure, use rights, etc.). The main point that surfaced in the various discussions was that the land rights of local communities must be assured as a first step. That included the design of institutions, including forms of common property, that gave communities clear forest and carbon rights within nested governance structures.

63. In order to design a functioning REDD-plus mechanism, clear rules must be negotiated in a participatory process where the outcome of this process is granted legal status. The rules must include all levels from the international to the community (and even individual) and all actors and clearly specify their roles.

64. REDD-plus presents a danger of weakening community institutions. This can be countered by comprehensive access to information in local languages and by a participatory process of rule-making and design of the national REDD-plus

mechanism. Complaint and conflict resolution mechanisms must be installed in every country to guarantee that community rights related to their territory, but also procedural rights, are respected in the design and implementation of REDD-plus. Existing community structures and experiences such as community forest management and higher-level associations or organizations that aggregate several communities should be recognized and built upon in order to facilitate the participatory design and implementation of REDD-plus.

F. Indigenous people and REDD-plus

65. In order to ensure a genuine indigenous participation in the process of REDD-plus design and implementation there is a need to include established indigenous organizations, formally as an equal partner, in ongoing policy dialogues at all scales — local, national and international: learning platforms should be built for the exchange of views between indigenous peoples and scientists, indigenous peoples and other stakeholders involved in REDD-plus processes (e.g., governments, NGOs and other stakeholders) as well as among indigenous peoples.

66. REDD-plus schemes should acknowledge the rights of indigenous people to their lands, forests, carbon, and other social rights; avoid the imposition of conditions that force indigenous people to adopt other models of development, destroying their traditions and lifestyles; accommodate traditional practices, including systems of government, local culture, and natural resources management. REDD-plus has the opportunity to bring significant change, in contrast to current policies, by building a legitimate process of participation, recognizing the needs and rights of indigenous populations in all their diversity, and aligning forest policies and policies in other sectors. REDD-plus could support indigenous peoples' protection of their territories against the deforestation caused by the incursion of outside interests on their land.

V. Recommendations

67. A set of draft recommendations was developed based on the presentations and round-table discussions. It was subsequently presented to the plenary and amended based on comments and suggestions. The final recommendations from the Workshop are presented below.

Recognizing that:

The main conditions for successful decentralized forest governance remain valid also under the emerging REDD-plus agenda. To ensure these conditions, it is necessary to:

- Promote participative, democratic and transparent multi-stakeholder processes
- Develop and maintain a clear legal and policy framework
- Secure tenure and access to forest resources
- Strengthen capacity-building at all levels
- Guarantee accountability at all levels

Recognizing that:

The countries promoting REDD-plus from a buyers' perspective have the responsibility to effectively control their own carbon emissions.

The following recommendations have been made to the countries and to the United Nations Forum on Forests:

A. Recommendations to countries

- Strengthen the inclusion of local people, including indigenous peoples and women, in decision-making, benefit-sharing, and preservation of their cultural and social values through sustainable forest management and REDD-plus.
- Strengthen the human and institutional capacity of all stakeholders, particularly at the local and territory scales, in issues relating to sustainable forest management and REDD-plus, using a range of methods for sharing knowledge, including partnerships among various stakeholders. These include, inter alia, local and indigenous peoples and their organizations, women, local rightsholders, the private sector, and research and educational organizations.
- Promote efforts to address knowledge gaps on the risks and opportunities arising from REDD-plus and build the institutional mechanisms to manage risks.
- Strengthen cross-sectoral coordination and the alignment of policies to address drivers of deforestation and forest degradation and enhance carbon stocks.
- Promote the involvement of NGOs, especially national NGOs, and indigenous and other local peoples and their organizations as strong partners in designing, planning, monitoring and implementation activities related to sustainable forest management and REDD-plus. These strategies need to be developed in transparent and participatory processes to create necessary ownership for local implementation.
- Build learning platforms at multiple scales for exchange of views among scientists, indigenous peoples and their organizations and other stakeholders involved in REDD-plus processes (e.g., governments, NGOs, communities, and so forth). This includes developing negotiation skills at all levels.
- At national, subnational and local levels, improve coordination between those agencies that primarily deal with sustainable forest management and those agencies that deal with the development of REDD-plus.
- Engage with and build from local institutions, traditions, experiences and knowledge for the design and implementation of sustainable forest management and REDD-plus strategies.
- Intensify national and local efforts to design and implement fiscal policy reforms related to forests, and create participatory financial mechanisms that support REDD-plus transfer payments to strengthen national and local capacities.
- Facilitate the development and implementation of comprehensive and inclusive national financing strategies, including REDD-plus financing, within national planning frameworks (e.g., national forest programmes) that depart

from and build on national opportunities and the diversity and specificity of local realities and needs.

- Assure that the desire to spend REDD-plus funds alone not drive the process, given the longer time needed for capacity-building, institutional reform and local-level organization and consultation.
- Apply adequate social and environmental safeguard policies in the development and implementation of REDD-plus.
- Develop central government forest and REDD-plus policies in a way that harmonizes both global and local concerns, particularly the need to support poverty alleviation.
- Promote increased mutual understanding of global and local perspectives and priorities and build REDD-plus strategies from that.

B. Recommendations to the United Nations Forum on Forests

- Support strengthening the inclusion of local people, including indigenous peoples and women, in decision-making, benefit-sharing, and preservation of their cultural and social values through sustainable forest management and REDD-plus.
- Promote synergies between climate change adaptation and mitigation in forests through sustainable forest management.
- Promote the linkages between sustainable forest management and REDD-plus policies and positive incentives, as REDD-plus has the potential to provide significant support to achieving sustainable forest management.
- Share and apply lessons learned from forest governance and broader land use dynamics that drive deforestation and forest degradation and develop adequate strategies to promote sharing of cost burdens and responsibilities among global, national, territorial and local actors.
- Emphasize the particular role of sustainable forest management in combating forest degradation and its potential for enhancing forest carbon stocks.
- Strengthen the capacity of countries to meet market demands for forest products and forest services, including carbon, with better forest governance, e.g., by identifying the linkages between REDD-plus and Forest Law Enforcement and Governance (FLEG/FLEGT).
- Support further dialogues on poverty alleviation, sustainable forest management and REDD-plus based on some of the specific findings of this Workshop in the search for solutions to emerging issues and concerns.

68. The participants in the Oaxaca Workshop expressed their deep appreciation to the Governments of Mexico and Switzerland as well as the other donor countries and organizations for co-sponsoring the Workshop, and to the organizing committee for their efforts. They also expressed their sincere thanks to the Government and people of Mexico for hosting the Workshop and for their warm and generous hospitality.

Annex I

Programme of the Workshop

See http://www.conafor.gob.mx/UNFF/taller-gobernanza-y-REDD/

The CONAFOR website also contains the Spanish version of the present report.

See also coverage of the Workshop by the *Earth Negotiations Bulletin* (PDF): *Oaxaca Workshop Bulletin*, vol. 180, No. 1 — Oaxaca Workshop on Forest Governance, Decentralization and REDD-plus in Latin America and the Caribbean. Final summary http://www.iisd.ca/enbvol/enb-background.htm

Annex II

Workshop papers

See CIFOR Blog: http://ciforblog.wordpress.com/

Annex III

Field trip highlights

1. As mentioned in section II above, four field trips to nearby municipalities were organized as an integral part of the Workshop to further common understanding about key issues of the Workshop and to facilitate networking and communication among participants. The field trips were designed to provide the participants with exposure to the Mexican context and specifically to different models of community forest management, including experiences with sustainable logging and carpentry, ecotourism and carbon markets.

2. Agrarian reforms following the Mexican Revolution (1912-1918) laid the foundation for community forestry in Mexico, followed by three factors that came together to support the emergence of highly innovative community forest enterprises: the participation of socially conscious reformers in positions of government power in the 1980s, the development of effective forms of communal governance of forest resources, and the rise of local institutions to administer market-competitive enterprises. Today, 151 communities are protecting over a half million hectares of forests, almost half of which are in Oaxaca.[a] These enterprises, which vary considerably from one community to another, both provide for local livelihoods and conserve biodiversity.

3. The four trips learned about the following community experiences:

- Communal land management in Ixtlán de Juárez for timber and a large, modern furniture factory, as well as ecotourism cabins and activities, communal store and credit union, high-tech regional nursery and two furniture stores in the city of Oaxaca with products certified by the Forest Stewardship Council.

[a] D. Bray, "Capitalism meets common property", *Americas Quarterly*, No. 41 (Winter, 2010), pp. 30-35.

- Community forestry company in Capulalpam de Mendez, known as "Pueblo Magico", which manages forests and runs a furniture factory, a spring water bottling plant, a traditional medical centre, an edible mushroom lab and ecotourism, protects a watershed and trades carbon certificates on the voluntary market.
- Community forestry in Santa Catarina Ixtepeji, which processes pine resin, bottles spring water from a community-protected area, produces timber certified by the Forest Stewardship Council and also has ecotourism facilities.
- Handicraft workshop of Copal Manos e Imaginación de Arrazola, EcoAlebrijes, A.C., which also works on reforestation in the communities that provide its wood and in an archaeological site.

Comments and observations from field trips

4. These clearly successful cases in community forest and enterprise management demonstrate a balance between traditional and more business-oriented institutions. In some cases (e.g., Capulalpam's bottling plant), creating jobs for community members is more important than profits; in other cases (e.g., Ixtlán's vertically integrated forest enterprise), business efficiency is important. Community incentive structures for effective governance encourage transparent management and accounting, including clear rules, rights, responsibilities, standards and sanctions. Enterprise profits are allocated by the community assembly, with certain percentages set for reinvestment in the enterprise, social projects in the community and also for household dividends. These dividends may operate as an incentive for participation and rule compliance. The sites demonstrated that there are models of governance that are compatible with traditions and are environmentally and economically sustainable.

5. Participants raised questions about the replicability of these experiences, and how to proceed in other, more typical communities. Community organization and stakeholder engagement were central to success, as well as continuity in planning and knowledge and the training of community members in the required skills. The presence of women as workers in the different projects was noted, as was, however, their absence from leadership roles.